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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 000285

SIPDIS

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TAGS: [ETRD](#) [EFIN](#) [PGOV](#) [ECON](#) [IZ](#)
SUBJECT: CRUNCH TIME: GOI SCRAMBLING TO MEET DEADLINES FOR
THIRD WTO WORKING PARTY

REF: A. 08 BAGHDAD 3807
[1](#)B. 08 BAGHDAD 3134
[1](#)C. 08 BAGHDAD 2830

Classified By: Economic Counselor Michael Dodman, Reasons 1.4 (b,d).

[1](#)1. (SBU) SUMMARY: The GOI still hopes to submit an updated Legislative Action Plan and its initial goods offer in time to allow for its Third WTO Working Party to meet late this spring. Good progress has been made on draft bills covering Intellectual Property Rights (IPR) and Technical Barriers to Trade (TBT). The GOI is making slower progress on a sanitary/phytosanitary (SPS) bill, but an interagency process is in place and coordination among the relevant ministries has improved. Unfortunately, continued lack of progress on Customs Tariff legislation could undermine the GOI's ability to submit its initial goods offer in a timely fashion. END SUMMARY.

Progress on IPR and TBT

[1](#)2. (SBU) The GOI is still hopeful that its Third WTO Working Party will be able to meet in Geneva sometime late this spring. However, the Ministry of Trade's WTO Committee is behind the curve in three areas: (1) updating Iraq's Legislative Action Plan (LAP) for the Implementation of WTO Agreements; (2) compiling a coherent initial goods offer; and (3) adopting key LAP components. MOT officials acknowledge that in order for the Third WP to mark a significant step forward, much work remains to be done on all these fronts.

[1](#)3. (SBU) With the assistance of USAID-funded "Tijara" program, the GOI has made progress toward adopting modern, WTO-compatible IPR and TBT legislation. The competent ministries have completed draft bills which are now with the Shura Council for constitutional review. Once that review is complete, the Council of Ministers (COM) may approve them for transmission to the Council of Representatives (COR) for enactment. According to MOT officials, COM approval is unlikely to be problematic, since neither bill is politically sensitive. However, predicting when the COR might enact the bills is much more difficult. Because of its enormous legislative docket and a political impasse over electing a new Speaker, it is unlikely that the COR will act on either bill before a possible spring WTO WP. Still, the drafts may be good enough to provide a basis for WP analysis and questions (given that whenever they pass, they are unlikely to undergo any substantive modifications in the COR). The IPR bill is particularly strong, according to Tijara experts, in that it looks to consolidate patent, trademark and copyright enforcement (which are currently housed in three separate ministries) into a single "one-stop shop."

Improved Iraqi Coordination on SPS

[1](#)4. (SBU) A lack of communication among the relevant Iraqi ministries had slowed progress on the draft SPS bill, but a joint MOT-Tijara-USDA effort appears to have gotten the process back on track. The Ministries of Health and

Agriculture have a long history of conducting sanitary and phytosanitary enforcement under entirely separate, stove-piped legislation and standard operating procedures. Because of this, both ministries had initially resisted a "unified SPS law," as the WTO recommends. Now, however, MOT officials tell us they have taken a stronger role in coordinating the drafting process, and attorneys from all three ministries are collaborating better. Again, despite this progress, it is almost certain the COR will not enact the SPS bill before the Third WP meets, but Tijara and MOT WTO Unit are scrambling to produce a presentable draft soon. QWTO Unit are scrambling to produce a presentable draft soon.

Mixed Messages on Customs Tariff Legislation

15. (C) As reported previously (Ref A), progress on Customs Tariff (CT) legislation has been the subject of much confusion within the GOI and appears to have taken several steps backward. In late December, Ministry of Finance (MOF) Director-General for Customs Ahmed Jassim Al-Itiya told Treasury Attache and Econoff that he had submitted to the Shura Council a draft CT law that "incorporated Tijara's input so as to be WTO-compatible." However, he also confirmed that the draft bill places sole authority for making changes to the tariff schedule with the MOF -- as opposed to calling for parliamentary (or at least cabinet) approval for such changes, in accordance with the WTO's consent of the government requirements. Jassim also said that the draft provides for the Customs DG and the Finance Minister to retain final authority in resolving customs disputes -- rather than creating an independent resolution body (see also reftel A). Neither the Embassy nor Tijara has seen the draft, despite repeated requests.

BAGHDAD 00000285 002 OF 002

16. (C) Likewise, Jassim assured us that he had nearly finalized the tariff schedule (which will become the basis for Iraq's Initial Goods Offer). However, MOT WTO Unit personnel reported separately that they still have not seen the schedule. Some of this confusion may stem from lack of capacity within the MOF. However, MOT officials are now also suggesting that the DG and/or the Minister simply remain unwilling to write into law WTO-compatible provisions that reduce their authority over customs rates and collection procedures. In either case, it is highly unlikely that the CT bill will win cabinet approval -- much less COR approval -- before the possible spring WP meeting. However, Tijara believes the tariff schedule (absent the enabling customs tariff legislation) might be "complete enough" to serve as the basis for the Goods Offer by spring.

Comment

17. (C) The GOI still hopes that the next WTO WP can be held this spring, and the MOT WTO Unit is scrambling to produce what it can over the next 60 days. WTO officials and the WP members will then have to determine whether or not what the GOI manages to submit is sufficient for the WP to be a success. However, for the Embassy's part, we consider the GOI's participation in the WTO accession process -- slow as it may be at times -- to be a very high priority. Given the signal that the process itself sends to the international business community, we are inclined at this point to urge a Third WP meeting this spring -- perhaps at the latest date possible. End Comment.

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